



**THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF TUCSON, ARIZONA**
Special Meeting / Strategic Planning Meeting
Thursday, May 23, 2019
11:30 a.m.
Tucson Metropolitan Chamber of Commerce
465 W. Saint Mary's Road
Tucson, Arizona 85701

Minutes

Present: Board Members

Larry Lucero
Neal Eckel
Judy Clinco
Sandra Barton
Mimi Noshay - Petro
Patricia Schwabe
Meredith Aronson (left at 2:40 p.m.)

Advisors

Charles Lotzar, Lotzar Law Firm, PC
Karen Valdez, BDFC Advisor Services, LLC
Gary Molenda, BDFC Advisor Services, LLC

Guests

Mike Czechowski, City of Tucson
Rob Bass, SBBL Architecture
Victor Bolduc, SBBL Architecture
Mary Jo Curtin, El Presidio Neighborhood Association
Ilya Sloan, El Presidio Neighborhood Association
Bob Freitas, El Presidio Neighborhood Association
Tom Warne, JL Investments
Ray Flores, El Charro Café
Carlotta Flores, El Charro Café
Darren Hicks, Access Commercial, LLC
Henrietta Barassi, El Presidio Neighborhood Association

The Special Meeting of the Board of Directors of The Industrial Development Authority of the City of Tucson, Arizona (the “**Authority**”) was held on **May 23, 2019**, at the Tucson Metropolitan Chamber of Commerce, 465 W. Saint Mary's Road, Tucson, Arizona 85701. Pursuant to **Arizona Revised Statutes Section 38-431.02**, all the Authority's Board Members and the general public were duly notified of the meeting. C. Lotzar had informed the Authority's Board of Directors that Arizona's Open Meeting Laws allow for members of the Authority's Board of Directors and legal counsel to appear and participate in the meeting telephonically so long as all participants in the meeting can hear and be heard.

ITEM	ACTION TAKEN/TO BE TAKEN
1. Call to Order The meeting was called to order by Larry Lucero, President, with a quorum present.	The meeting was called to order at 11:40 a.m.
2. Request for resolution to approve the minutes of the Regular Meeting of April 18, 2019.	A MOTION was made and seconded (N. Eckel / S. Barton) to approve the minutes of the April

	18, 2019 Regular Meeting as presented. Approved 7-0.
3. Request for resolution to approve the payment of invoices and the notification of items to be paid on the Authority's behalf by third parties.	A MOTION was made and seconded (N. Eckel / J. Clinco) to approve payment of invoices, as presented. Approved 7-0
4. Status report and request for resolution with suggested motion regarding the election of the Authority's executive officers for the fiscal year running from July 1, 2019 until June 30, 2020 based on the following slate: <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> Office: President 1st Vice President 2nd Vice President Secretary Treasurer </div> <div style="width: 45%;"> Name: Larry Lucero Neal Eckel Judy Clinco Mimi Noshay-Petro Sandra Barton </div> </div>	A MOTION was made and seconded (S. Barton / M. Noshay - Petro) to approve the slate of officers as presented. Approved 7-0.
5. Status Report related to the potential sale, development, construction, equipping and /or operation of a project on (a) 450 N. Main, (b) Block 174, and (c) Block 175, conceptual presentations by (i) Thomas W. Warne, (ii) Access Commercial, LLC, and (iii) Pueblo Parking Systems and request for resolution related thereto; which may include formally ratifying the direction previously given to legal counsel. Pursuant to Arizona Revised Statutes Section 38-431.03(A)(1)(3) and/or (4), the Authority may vote to recess and meet in Executive Session for discussion or consultation with and to provide direction to the Authority's legal counsel about this item. Any action taken by the Authority regarding this matter will be taken in open meeting session (either at this meeting or later) after the adjournment of the Executive Session. C. Lotzar noted that Gary Molenda has declared a conflict, pursuant to existing relationships with JL Investments, and Mr. Molenda has left the room. L. Lucero welcomed interested parties that have potential interest in providing site concepts and/or potential investments in the Authority's properties. Mr. Lucero stated that the following 2 organizations that have expressed interest in providing commentary to the Authority for consideration of what their vision for Block 175 and potentially Block 174 : <ul style="list-style-type: none"> • Tom Warne – JW Investments. • Darren Hicks – Access Commercial, LLC together with representatives of SBBL Architecture and El Charro Café. PRESENTATION: Tom Warne introduced himself. Mr. Warne provided background information as it pertains to Block 175 : <ul style="list-style-type: none"> • Main Gate Project – developed retail space with the Marshall Foundation and the University of Arizona: 160,000 feet of retail, 240,000 feet of office space, and currently under construction for 234 apartments and 165 hotel rooms. Considered urban type development. • Restored the Pioneer Hotel Ball Room - now Compass Bank and Better Business Bureau. • Restored the Thomas Davis Clinic for the Udall Foundation. 	No action taken.

- Rezoned the Maloney Site; which is now in escrow with a high-quality National Developer. All entitlements are in place for a planned area development (“**PAD**”) and currently in the permitting process with anticipation that it will be completed by **August 2019**. Working very closely with Iron Horse Neighborhood and other neighborhood groups.
- Currently working on the Platform Site and the area around the Steinfeld Warehouse. Over the past **2 ½ years**, Mr Warne has worked extensively with the El Presidio Neighborhood Association (“**EPNA**”) includes development of a plan (a) to down zone from **111** units to about **18** units the property around the Steinfeld Warehouse and (b) to build on the Platform Site approximately **230** apartments, +/- **350** parking spaces of which the City of Tucson (“**COT**”) would have **100** spaces for public parking, and town houses along Franklin with a modest amount retail space A Proposal has been submitted to the COT.
- History on the **Block 175** site includes involvement with Holualoa and others in an unsuccessful response to the Authority’s Request for Proposals in **2015**.

Mr. Warne stated that his group would like to co-develop the Platform Site and Block 175. It was noted that the development (**Block 175**) could go up **4** to **8** stories and any traffic problems can be controlled. Mr. Warne stated that the process would begin with a clean sheet of paper and would involve meeting, walk the site and talk about it and try and to imagine what is best for development of the property.

Mr. Warne noted that what his group and the ENPA have planned together, is a lot less density than could be built between the hard zoning around the Steinfeld Warehouse and the zoning of the Infill Incentive District (“**IID**”).

Mr. Warne stated that this type of approach will bring the value of the property down as the cost relates to land cost per buildable foot. It was noted that under this methodology, Mr. Warne would work closely with the EPNA and constantly report back to the Authority as the owner.

P. Schwabe asked questions regarding the status of the Platform Site to which Mr. Warne provided an update as follows:

- It is a PAD.
- Consensual concessions have been made.
- The Platform Site will have a park like walk through space with art, bicycle and pedestrian space; market rate apartments; and parking underneath units (not subterranean).
- The Platform Site will have **3** different tiers of building with density on west and south side at **3** stories; town houses along Franklin; and heavily landscaped.
- The Platform Site will have a lot of brick finishes in line with the Steinfeld Warehouse exterior, however will be more ornate and intricate.
- The Proposal is in the COT’s hands. If approved this summer, then the project will go directly into PAD zoning process with the EPNA’s involvement. The zoning process should take **8** to **9** months instead of the typical **10** to **14** months.
- Block 175 could become part of the development with **15** to **20** units. This will down zone Block 175, and the math related to Block175’s value will reflect what taking away **90+** units represents.
- Market rate options may include apartments and condos with some purchase options on Block 175.
- It was noted that a reasonable timeline for submission of a site concept to the

Authority could be **September 2019** after meeting with stakeholders.

M. Aronson stated that she has a question regarding the interest in Block 175 as an adjacent site. She stated that residential continues to be developed in the core of downtown. Is there capacity in the City for more business? Her concern is that Block 175, as a central piece of real estate, would be committed to what sounds like a combination of residential and retail, in a context where the retail will bring in people from outside of downtown and residents will be transporting themselves to other areas of town for jobs. What tension might there be in today's market?

Mr. Warne replied that from his prospective, it is primarily residential noting the retail business has changed; there are some iconic sites downtown like El Charro Restaurant and there could be others that come along that will become iconic, but basically it is mainly residential in their minds.

Mr. Warne noted that as Chair of the University of Arizona Tech Park, he hears a lot of complaints from Raytheon and other large employers that Millennials want to go to Denver because there is no place to live in downtown Tucson. The Millennials want to interact in this environment.

Mr. Warne noted that there is a lot of subsidized housing. There needs to be market rate housing that will appeal to the type of individual making **\$85,000** to **\$140,000** per year. This is the type of environment that he sees for the Platform Site and Block 175.

P. Schwabe commented that the Authority is happy to hear from both Presenters and wants everyone to know that the Authority strives for transparency.

PRESENTATION:

Darrin Hicks introduced himself as a Founding Partner of Access Commercial, LLC ("**Access**"); which based in the Midwest. Mr. Hicks was born and raised in Tucson, is a graduate of the University of Arizona and he made the deliberate decision to move back to Tucson about **5 years** ago.

Mr. Hicks said Access has a number of projects throughout the country as far east as South Bend, Indiana and also a small project here in Tucson.

Mr. Hicks stated that there are **2** main components to the organization from a programmatic development standpoint:

- To help expand commercial tenants with all their development services to facilitate growth; and
- Infill redevelopment opportunities; structuring Public/Private Partnerships ("**PPP**") with municipalities and stakeholders.

Messrs. Hicks and Schloss have collaborated on projects in town. Mr. Hicks stated that he was introduced to the Flores Family by Paul Schloss. Mr. Hicks is currently working with the family on a strategic basis and conceptual site plans for Block 175.

Ray Flores introduced himself noting that he and his mother Carlotta Flores are Owners/Partners of El Charro Restaurant. R. Flores stated that what struck him most about the opportunity to be here presenting today was that Mr. Hicks approached them in a unique way.

R. Flores said the building that El Charro Restaurant operates from was completed in **1896** by his mother's Great-Great Uncle Jules Flin, who came to Tucson from France. Mr. Flin was commissioned by the Catholic Church to build Saint Augustine Cathedral. Monica Flin was the founder of El Charro Restaurant, which was originally in the La Placita area. The original location went through urban renewal, with the COT using

eminent domain to condemn the property from which Ms. Flin operated her the business. The condemnation price paid was less than her acquisition cost, putting Ms. Flin in financial ruin.

Ms. Flin's niece, Carlotta Flores, came to Tucson to take over the family business now located in what was the family home and remains the current location of El Charro Restaurant.

Mr. Flores stated that Mr. Hicks was the first to approach the family, paying respect to everything that matters to the neighbors, to ask their opinion on what should be developed on Block 175. Mr. Flores stated that it is their hope that they can be part of the process in a very organic, natural and neighborly way. It was noted that the site concept is a result of discussions held and putting it to paper.

Carlotta Flores added that the El Charro Restaurant site, the family home, is what anchors the block. The business is over **100** years old and the family run restaurant is in its **96th** year with the same family. The EPNA is the oldest neighborhood in the City and it requires respect and love and genuine interest not to get Block 175 ready to sell, but to keep as part of the legacy that is Tucson.

Mr. Hicks shared site plan concepts consisting of images and a digital montage to show what his group is considering developing on Block 175. The images are actual downtown destinations, with the type of architecture and homage to some beautiful structures that are not only Tucson, but specific to the EPNA. The images, strictly conceptual in nature, do have thoughts and ideas from the Flores family. It was noted that the images and designs are in perfect harmony with the IID zoning.

Concept includes:

- **2** levels. Designated commercial office on the second level with potential for retail or commercial office on the street level along Court that complies with the height limitation and also has some tasteful density to compliment the aesthetic along Court.
- Everything done would tie into a destination that every visitor of Tucson has on their list when coming to our community, because it is the original.
- This is the cultural center of the community and to also leverage the El Charro Restaurant and the EPNA is in this specific area downtown, **2** levels of approximately **40,000** square feet have been programmed for museum use.
- There are ongoing discussions with an art group that could potentially relocate into the space programed for the museum and exhibition space; which is a huge compliment to the vibe that is going on downtown.
- The exhibition space, adjacent to the museum, could allow for another potential museum or space to leverage the anticipated traffic to view these cultural landmarks.
- The density allocated on the southeast portion of Block 175 in the form of approximately **250** multifamily rental units. This would be the economic engine to this development.
- It was noted that land economics is not limited to an acquisition price, but includes all the redevelopment costs and infrastructure costs which can be significant.
- Block 175's Parking would be underground with **2** levels below grade, aggregating to **450** parking stalls (current parking is **263** spaces).
- A plaza area would provide an opportunity for community; to curate events and

<p>activities (art shows, farmers market, etc.).</p> <ul style="list-style-type: none"> • It's important to have deliberate retail uses. <p>Mr. Hicks noted that his group has a strong interest in master planning the area including Block 174, the parcel on the corner of Stone and Council. Mr. Hicks would like to work in concert with the COT and Rio Nuevo in a strategic move to land a new high-profile employer. The Hicks group has a vision for 120,000 square feet office building.</p> <p>Mr. Hicks stated that he has met with Fletcher McCusker, Chair of Rio Nuevo, to share the plan and also discuss the parcel owned by Rio Nuevo on Church and Ash Alley.</p> <p>Mr. Hicks noted that it would be an opportunity to have continuance from Block 175 tied into Council all the way to Stone to have inviting and common architecture.</p> <p>Mr. Hicks said he has extensive interest and experience in select service hotel development and ownership and envisions this type of development on the Rio Nuevo parcel on Block 174. Mr. Hicks feels that this is the highest and best use for the site and for potential partnership with Rio Nuevo. The hotel would match up to and feel authentic to the area.</p> <p>Although these are conceptual plans, Mr. Hicks believes they are feasible. There are a number of factors to mitigate with all the stakeholders and in particular the EPNA. Construction could start as early as 12 months from now.</p> <p>A short break was taken to allow the presenting guest the opportunity to leave.</p> <p>Post Presentations discussion ensued regarding the following:</p> <ul style="list-style-type: none"> • The Authority will need to have a well spelled out criteria to follow. • C. Lotzar stated it is purely a business decision. The Authority has a lot of latitude from a legal stand point; since the Authority is not subject to the Arizona Procurement Code. • Block 175 has already had an archeological survey with large strips of the property trenched to a depth of approximately 4 feet. • Options for the Authority to consider with regard to playing a role in development of the property; co-developers of parking structure; mitigating archeological risk; etc.... <p>C. Lotzar distributed information from Marcus & Millichap on the work that was performed as the broker listing Block 175 for sale. There is a long list of documents that were provided to investors.</p> <p>Mr. Lotzar provided a brief background information regarding the history of Block 175 and the prior request for proposals process.</p> <p>C. Lotzar was directed to send a letter to each Presenter thanking them for their presentation and also asking for an offer or deliverables by a certain date.</p>	
<p>6. Status report on the Authority's financial status.</p> <p>C. Lotzar reviewed the PowerPoint presentation detailing the Authority's financial performance from 2008 through 2018 based largely on audited figures.</p> <p>Discussion ensued regarding the spikes in revenues/expenses for various years as a result of non-recurrent events such as acquiring the parking lots, various single-family programs, etc.</p> <p>M. Aronson noted that expense is largely administrative as a result of a consultant lead organization. A coordination of strategy should be developed. A consultant mind set is reactive and not intentional. M. Aaronson wants the Authority to invest to become a strategic, intentional organization like other IDAs seen in other parts of the country.</p> <p>M. Aronson stated that the Authority is doing enough to stay afloat. The cash flow from</p>	<p>No action taken.</p>

<p>the parking lots is a stay afloat strategy. The Authority's mindset is not even to bolster development finance. Does the Authority want to invest to bolster development finance?</p> <p>M. Aaronson said there are other mechanisms used in development finance for scale which would be the work of an IDA, if the Authority had somebody who is actually creating and directing that work and using consultants as operation support not as guidance for the work.</p> <p>M. Aronson stated that these are financial decisions but fundamentally she would like to discuss that context for the Authority's work for the next year.</p> <p>L. Lucero stated that this can be discussed in item 8.</p>	
<p>7. President's Report: Brief Summary of current events, including items brought to the President's attention or matters that required handling by the President since the last meeting.</p> <p>L. Lucero provided updates on the following:</p> <ul style="list-style-type: none"> The City of Tucson ("COT"), Urban League, and Chicanos Por La Causa, Inc. (collectively, the "Grant Group") are jointly working on a Choice Neighborhood Grant ("Grant") focused on 2 locations at Grant Road and Oracle Road. Mr. Lucero stated that he would like to see what, if any, role the Authority can offer to assist in the Grant process. L. Lucero and M. Aronson have met with one of the consultants assisting in the Grant process and noted that the evaluation and analysis of the impact area is still in process, but not yet mature enough to determine any role or activity for the Authority. <p>M. Czechowski stated that the COT received over \$1,000,000 planning and some technical grant noting that this is a pre-cursor to a \$30,000,000 Grant. The Tucson House is at the epicenter of the \$30,000,000 grant with the main area parameters identified as: Speedway to Miracle Mile and I-10 to Stone. The COT Housing & Community Development is taking the lead, working with Tucson Police Department, ASU, and Pima College. The COT is hiring an Economic Development Champion that will be funded equally by Pima College and another COT entity. Meetings are currently being held to come up with 3 different concepts: (1) Social, (2) Housing, and (3) Economic Development.</p> <p>It was noted that the Grant Group is approximately 6 months into an 18-month process.</p>	No action taken
<p>8. Status report on the Authority's Fiscal Year 2018 – 2019 accomplishments and request for resolution related to future activities and needs in the form of the Authority's Fiscal Year 2019 – 2020 Goals & Objectives.</p> <p>Continued discussion:</p> <p>M. Aronson stated that the Authority is quasi-public for a reason. The context is much more public than nonprofit. She thinks that the development money kindled, supported and augmented, can move quickly to support private projects that are moving. Can the Authority bring the parties together to conceptualize how to use public funds to get private projects going?</p> <p>M. Aaronson said she would like the Authority to do that work. The Authority tends to settle in the space of supporting the public process. M. Aronson feels that the Authority could cross into more active work on the private side. She asked how can the Authority do both? Is there a balance in the 2 spaces?</p> <p>L. Lucero recounted the Mayor's address which focuses on Speedway, Houghton</p>	No action taken.

Road, Broadway, South 12th, and Midvale as target areas for the future of the City in terms of his look forward as to where Planning & Development Services will focus their efforts. Is there a way to link that focus with the resources the Authority has?

L. Lucero directed the questions to G. Molenda, who has history working on the private lending side.

G. Molenda stated that the following activities tend to direct private investment:

- If the City provides the critical infrastructure.
- Streetscapes generate follow on investment.
- Transit oriented development: indirect benefit: tax revenue.
- Development of parking garages.

Mr. Molenda noted that market demand cannot be manufactured. Market demand will come from opportunity and the willingness to invest capital, but these activities can create conditions for investment.

M. Czechowski stated that Mayor & Council directed Development Services and Economic Initiatives to come up with corridor incentives; both regulatory and economic. Development Services completed the Grant Road Overlay; which is similar to the Infill Incentive District. Development Services and Economic Initiatives are now working in partnership with Rio Nuevo and their consultant to complete the Overlay of the Sunshine Mile (Broadway to Euclid).

It's anticipated that they can do those type of Overlays along the major corridors throughout the City.

This will be a long public process; at a minimum 18 months. However, in the meantime, the incentives can be developed. I

t was noted that the Tucson Economic Advancement Center is being created to serve as a one stop shop; allowing business issues can be identified leading to joint effort solutions.

L. Lucero stated that this offers an opportunity to use the expertise that the Authority has been developed over time.

Discussion ensued as follows:

- M. Aronson stated that in order to scale the level of development work the Authority could be doing, it will be necessary to hire a person who is focused on that type of strategic thinking. The person hired would be responsible for growing the fee income; which would become the basis for the person's future salary. The position could be funded for a year with the understanding that continuing employment is contingent upon performance.
- L. Lucero asked what type of position this would be: Development? Business Development? Or a combination of the 2 skill sets?
- Mr. Lotzar stated that the Authority previously hired a gentleman to fulfill a business development role, but his given title was "**Executive Director**". Unfortunately, he attempted to fulfill the traditional role of an Executive Director and he soon clashed with the Authority's President and Directors prior to resigning. Mr. Lotzar cautioned that if a new person is hired, the Authority should be thoughtful about the title given to that person.
- M. Aronson asked how does the Authority feel about hiring someone who can create consistent, coherent, strategic leadership? A day - to - day executive leadership position, to think about how the Authority is growing. This role is different than the business development position; which goes out to make deals. The Authority will still need to have the

ongoing conversation on strategy.

- N. Eckel stated that it is important to get the cart defined first before finding the horse to pull it. Right now the Authority has an income source, whether that is sufficient to continue to provide affordable housing loans and business loans for development in the community is a good question. Look at the cost benefit over the next **5 years**: is it worth the cost of hiring someone at **\$100,000** per year and will it pay off in the end? The first step should be, where does the Authority want to be in **5 years**?
- P. Schwabe discussed programs previously offered by the City that are no longer available due to funding.
- N. Eckel mentioned The Industrial Development Authority of the County of Pima ("**Pima IDA**") has **3** support organizations - Community Investment Corporation ; Family Housing Resources; and Southern Arizona Land Trust. It was noted that these **3** organizations were capitalized by the Pima IDA presumably from the proceeds of past single-family revenue bond programs or apartment complexes that were acquired at a discount from the Resolution Trust Corporation.
- C. Lotzar stated that Dark Mountain Development Corporation ("**Dark Mountain**") was formed by the Authority as a support organization for the purpose of acquiring property. Dark Mountain has broad powers with the purpose of "**lessening the burden of government**".
- M. Aronson stated the Authority's base is relatively small; how can it be used to leverage for other purposes?
- N. Eckel stated that there is a need for an Advisory Committee to explore ideas and bring back recommendations to the Authority's Board as a whole.
- L. Lucero said that the Authority's annual revenue expectation is approximately **\$500,000.00**. Is it then appropriate to have **\$100,000** position?
- G. Molenda asked what problem are you trying to solve?
- L. Lucero said from a housing standpoint the Authority has done very well. The **\$200,000** to **\$300,000** could be used for business loans for difficult circumstances such as sprinklers (emergency needs), façade improvements, or the like. A program can be set up for a target area, or it can be open.
- M. Aronson asked what the Board members feel is the most relevant and important problem that the Authority should be working on?
- M. Aaronson is interested in figuring out ways to provide the development finance around the overlay projects that significantly allow for economic development through corridors of the City. She has not given up on the notion of the Tech Park as a viable place. Management at the Tech Park is not ready for the conversation, but she still thinks it's an important site for economic development. It is really about connecting to strategic economic development. Where can the Authority provide economic development support with strategic intent? Can the Authority partner with players who push that strategic intent?
- N. Eckel stated that the threshold question is does the Authority have the resources to make an impact in that area? In other words would the Authority be such a small player that would waste time or would the Authority have enough to lead the charge?
- P. Schwabe stated that the Authority has the ability to issue bonds.

- C. Lotzar stated that Barbra Coffee and her husband, Kevin Gullette, visited him and started discussions regarding ways the Authority can provide assistance. Mr. Gullette is in charge of Economic Development at the Tech Park
- J. Clinco stated that the way Miracle Mile got activated was due to the vision her son had for the area. The entire area has been transformed as a result of the vision of one person.
- S. Barton feels very passionate about the single-family housing programs that provides funds for affordable housing. She would like to see an increase in participation loans with Business Development Finance Corporation. In the perspective of a Banker, she looks at repayment ability. If the Authority lends money, how is it going to be repaid? She acknowledged that the Authority needs to grow, but it needs to grow wisely.
- G. Molenda discussed community real estate loans and asked if there are projects that could get done if there was a new source/program?
- S. Barton stated that as she is limited in product type (funding amount), she would need to get approval for a 2nd deed of trust in addition to not exceeding supervisory loan to value limits.
- L. Lucero stated that the Loan Committee can explore new programs and the possibility of increasing loan volume with different types of businesses without the current required characteristics.
- S. Barton discussed the Community Reinvestment Act (“CRA”) which provides CRA points.
- P. Schwabe discussed small short-term loans for business emergency repair that could include sprinklers, ramps - ADA compliance, etc.
- J. Clinco discussed small short-term individual loans for emergencies.
- C. Lotzar stated that the Phoenix IDA has a similar program for emergency loans through a partnership with a credit union.
- M. Noshay - Petro is still getting the sense of what the Authority does and why. She would like to be on the Committee to explore new ideas. A goal is to identify the need to be addressed.
- N. Eckel stated that short term things that can be done is to expand the loan portfolio along the lines of a small short term loans; identify the goal or need.
- C. Lotzar stated that Barbra Coffee is planning on putting together an event similar to the “Wild Ride”, with regard to the Opportunity Zone. The Authority is not a natural fit for the Opportunity Zone; because it’s a tax – exempt entity.
- P. Schwabe stated that the role the Authority could play is in providing loans to the tenants.
- M. Aaronson asked Mr. Lotzar how can the Authority could grow 10 times?
- C. Lotzar said historically the Authority has been very risk averse; which is best demonstrated by the Authority’s very conservative investment policy. To grow exponentially the Authority would need to be willing take more risk. As an example, is the Authority willing to buy property? Own property? Buy apartments? An apartment project as an example would provide opportunity to make money over time.
- Discussion ensued regarding risk, regulatory world could change,

project-based revenue – lowest risk for apartment complex, etc.

- Discussion regarding certified shovel ready: all permits in place, infrastructure etc., and empty big box sites. Opportunities for a role?
- M. Aronson asked if there is any appetite for a change in legislation around development districts?
- C. Lotzar responded that other portions of the country have the power to use for tax increment financing; which is prohibited the Arizona Constitution. Over the years, Mr. Lotzar has worked to improve Arizona's statutes related to Community Facilities Districts and it has always been a contentious -difficult process. From Mr. Lotzar's vantage point, the best legislation passed on this topic was vetoed by Governor Ducey approximately **3 years** ago.
- Mayor's Initiative: **(1)** Smart Growth – sustainable manner (provide all services), **(2)** Regional Transportation – renewal of RTA, and **(3)** Social Programs – safety net
- P. Schwabe stated that common complaints for new construction is impact fees.
- C. Lotzar discussed an Official Statement for a parking lot that is supported by the City of Phoenix to create a new medical school in Phoenix. The City of Phoenix effectively transferred all of the transaction privilege tax to the District to repay the bonds.
- As an example, if the Authority wanted to assist with the subterranean parking on Block 175, then the City could assign the transaction privilege tax dollars to the Authority and make a positive impact.

Committees:

1. Committee to research new ideas and how to spend or leverage funds:

- Neal Eckel, Chair
- Mimi Noshay -Petro
- Meredith Aronson

2. Loan Committee:

- Sandra Barton, Chair
- Patricia Schwabe
- Judy Clinco
- Meredith Aronson

3. Marketing Committee:

- Larry Lucero
- Patricia Schwabe
- Meredith Aronson

Next meeting: **Thursday, June 20, 2019** – S. Barton and P. Schwabe will be unable to attend.

Meeting Location: L. Lucero stated that the Authority may need to find another meeting space as the Tucson Metropolitan Chamber is listed for sale and this location will not be available much longer.

J. Clinco stated that she prefers not being downtown due to parking issues.

<p>S. Barton stated that the Authority may be able to meet in the Alliance Bank conference room located at Camp Lowell and Swan.</p> <p>P. Schwabe also stated that she has a space downtown.</p> <p>M. Noshay - Petro offered her office on Broadway and Swan.</p>	
<p>9. Status report concerning the Authority's staffing needs and review of the annual contracts for the various professional services rendered to the Authority by (a) Lotzar Law Firm, P.C. as the Authority's Legal Counsel, (b) BDFC Advisor Services, LLC ("BDFC") as the Authority's Advisor, and (c) Pueblo Parking Systems, LLC as the Manager of the Authority's Parking Lots, and request for resolution related thereto. Pursuant to Arizona Revised Statutes Section 38-431.03(A)(1)(4) and/or (5), the Authority may vote to recess and meet in Executive Session for the purpose of discussion or consultation with and to provide direction to the Authority's legal counsel in connection with this item. Any action taken by the Authority regarding this matter will be taken in open meeting session (either at this meeting or at a later date) after the adjournment of the Executive Session.</p>	<p>No action taken.</p>
<p>10. Call to the audience</p>	<p>No action taken</p>
<p>11. Adjourn</p>	<p>A MOTION was made and seconded (J. Clinco / S. Barton) to adjourn the meeting at 3:00 p.m. Approved 6-0</p>

Submitted by:

Approved by:

Karen J. Valdez
Business Development Finance Corporation

Larry Lucero, Acting President
The Industrial Development Authority of the
City of Tucson, Arizona